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*Santiago reports on breaching
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SUBJECT: JACK ANDERSON STORY RE ITT AND CHILE

REF: STATE 47835 AND 47920

1. WASHINGTON POST CORRESPONDENT LEW DIUGUID INFORMED US OF JACK ANDERSON STORY LAST NIGHT, AND I WAS ADVISED OF IT IN MIDDLE OF AIR FORCE RECEPTION ATTENDED BY PRESIDENT ALLENDE. DCM AND I CONCLUDED IT WOULD BE ADVISABLE TO TELL PRESIDENT ALLENDE ABOUT IT - PARTICULARLY AS AIR FORCE CEREMONIES TODAY WITH PRESIDENT AND CSAF RYAN IN ATTENDANCE MIGHT BE MARRED BY SOME ILL-CONSIDERED PUBLIC REACTION BY ALLENDE. I DID ADVISE PRESIDENT ALLENDE OF ESSENTIAL ELEMENTS OF ANDERSON COLUMN AS I KNEW THEM, POINTING OUT THAT THIS MAY WELL HAVE BEEN SPILL-OVER FROM DOMESTIC POLITICAL ISSUE INVOLVING ITT, KLEINDIENST CONFIRMATION AND JACK ANDERSON ALLEGATIONS IN THAT CONTEXT. ALLENDE TOLD ME HE WAS FAMILIAR WITH US DOMESTIC ISSUE INVOLVING ITT, AND WAS INITIALLY UNDERSTANDING. IT REMAINS TO BE SEEN HOW HE WILL REACT WHEN HE GETS FULL FORCE OF ANDERSON COLUMNS AND FEELS CHILEAN IMPACT. SUMMARY ACCOUNT OF FIRST ANDERSON STORY BROKE IN ULTIMA HORA THIS AFTERNOON UNDER BANNER HEADLINE.
 DAVIS
 BT
 #1317

ITT Papers Show Anti-Allende Role

By JOY ASCHENBACH
 Star Staff Writer

The giant diversified conglomerate International Telephone & Telegraph Corp. dabbled in U.S. foreign policy matters in 1970, pressuring government officials to intervene to block the election of Marxist Chilean President Salvador Allende, according to materials released today by columnist Jack Anderson.

According to these papers, which Anderson identified as the company's own confidential communications, ITT pledged financial support of up to millions of dollars, considered provoking an economic collapse in Chile to trigger a military coup, and contacted the White House, State Department, Central Intelligence Agency and Justice Department, in an all-out campaign to stop Allende. ITT was "ready to see anyone or do anything possible," one paper stated.

Anderson, whose syndicated columns late last month set off the investigation into ITT's links with the Republican convention, yesterday published a column saying that ITT "maneuvered at the highest level to stop the 1970 election of leftist" Allende.

ITT immediately denied that it has ever "intervened or interfered in the internal affairs of Chile in any way," contending that it "has been—and continues to be—a good corporate citizen in Chile. . . ." The CIA and State Department officials declined to comment.

The memoranda released by Anderson today, which run from Sept. 14, 1970, through Nov. 18, 1970, coincide with names, dates and events surrounding Allende's Sept. 4 popular election victory and Oct. 24 congressional election. They provide a blow-by-blow account of extensive efforts to save multi-million-dollar holdings from government seizure.

2 Ex-U.S. Probers Back Life's Charges. Page A-5

ITT, fearing Allende's policy to nationalize corporations, including the Chile Telephone Co. in which it controlled a 60 percent interest, told the office of President Nixon's adviser Henry A. Kissinger that ITT president Harold S. Geneen "was willing to come to Washington to discuss ITT's interest and that we are prepared to assist financially in sums up to seven figures, according to the Sept. 14 memo:

Over the same weekend, the papers show, ITT officials contacted Charles A. Meyer, then assistant secretary of State for

See PAPERS, Page A-12

Latin American affairs, and then Atty. Gen. John Mitchell, apparently in hopes of prodding the White House and State Department, which had been maintaining a hands-off policy on the Chilean election.

Two in Chile

A memo dated Sept. 17 and attributed to two corporation representatives dispatched to Chile, reported that Edward Korry, U.S. ambassador to Chile, "received a message from the State Department giving him the green light to move in the name of President Nixon. The message gave him maximum authority to do all possible—short of a Dominican Republic type action—to keep Allende from taking power."

However, another of the memos released by Anderson—dated one month later—however, described a different policy, stating that former Chilean Brig. Gen. Roberto Viaux, who had been characterized as "gung-ho" for a coup, was told by Washington "to hold back . . . and cool it for a later, unspecified date." The Chilean armed forces had been called "a bunch of toy soldiers" by Korry, according to another ITT dispatch.

Meanwhile, the papers show, in the United States in late September, ITT senior vice president Edward J. Gerrity reported to Geneen that he had met with William V. Broe, then director of the Latin American division of the CIA's clandestine services, and discussed Broe's recommendations for bringing about an economic collapse in Chile to force a coup. Later memos reveal ITT rejected the proposal as "unworkable" and that it was unable to muster support for a deliberate economic collapse from other U.S. corporations in Chile.

Although ITT officials con-

tinued to confer with Broe and Korry, who took a hard-line approach to the Allende affair, by mid-October it was increasingly apparent, according to the memos, that there was almost no hope of accomplishing what ITT wanted in Chile. On Oct. 24, Allende received the overwhelming endorsement of the Chilean Congress.

ITT then switched strategy and began bombarding White House and State Department officials with its proposals and "white papers" on what U.S. foreign policy should be for an Allende-controlled Chile, according to the papers.

An Oct. 20 memo entitled "Chile: The Aftermath" and attributed to Gerrity outlined a "broad plan of action . . . to protect us, as best possible, in Chile, and to guard against the inevitable reactions that will occur primarily in Argentina and Brazil."

The State Department was criticized in the same memo, which said that "State has been absolutely wrong on the outcome in Chile . . . and will also, based on its record, probably be wrong about the effects of the Allende presidency. We believe State should be pinned down on the record in a written exchange of views so that, in effect, a formal history is set down."

Throughout the series of memos, there are numerous warnings on secrecy, such as, "Every care should be exercised to insure that we (ITT) are not—repeat not—identified openly with any anti-Allende move."

Report on Meeting

An Oct. 22 memo attached to a white paper on how to deal with Allende and attributed to William R. Merriam, head of ITT's Washington office, was addressed to Gerrity about a meeting in which "all of us went over in great detail possible repercussions in Chile if and when it becomes known that we are pushing the State Department along certain lines. I, personally, feel that we don't have much to lose one way or the other, unless, of course, our so-called 'pressures' come back to haunt us in other Latin American countries. This I also doubt."

The white paper spelled out approaches that ITT believed Korry should use in meetings with Allende, including a threat to withhold U.S. aid and a reminder about the "economic fear" that hit Chile at the time of the election.

ITT lost the Chile Telephone Co. to Allende. An ITT spokesman in New York said yesterday that the conglomerate continues to operate two Sheraton hotels in Santiago and a telecommunication factory. The spokesman, who denied that Anderson's charges had any foundation in fact, said ITT is negotiating with the Chilean government for compensation for its interest in the telephone company.

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*ITT spokesman denies interference in
affairs of Chile*

UPI-99

(ITT)

NEW YORK -- A SPOKESMAN FOR INTERNATIONAL TELEPHONE AND TELEGRAPH CORP., DESCRIBED TODAY AS "WITHOUT FOUNDATION IN FACT" COLUMNIST JACK ANDERSON'S CLAIM THE COMPANY HAD INTERFERED IN THE INTERNAL AFFAIRS OF CHILE.

"ITT HAS NEVER INTERVENED OR INTERFERED IN THE INTERNAL AFFAIRS OF CHILE IN ANY WAY," THE SPOKESMAN SAID.

"AS A MATTER OF FACT, A CLOSE READING OF THE ANDERSON COLUMN DISCLOSED HE DOES NOT EVEN MAKE THE ALLEGATION THAT ITT EVER TOOK ANY SUCH ACTION."

"ON THE CONTRARY," THE SPOKESMAN SAID, "ITT'S COMPANIES IN CHILE HAVE CONTINUED TO PLAY A USEFUL ROLE IN THE CHILEAN ECONOMY.

"ITT'S TELECOMMUNICATION FACTORY IN CHILE REMAINS IN OPERATION, FURNISHING MUCH NEEDED EQUIPMENT TO THE CHILEAN TELEPHONE COMPANY. SUPPLIES AND FINANCING FOR THE FACTORY HAVE BEEN MADE CONTINUOUSLY AVAILABLE. TOO, SHERATON HOTELS IN SANTIAGO ARE CONTINUING TO MAKE THEIR CONTRIBUTIONS TO CHILEAN TOURISM.

"DESPITE THE INTERVENTION OF THE CHILE TELEPHONE COMPANY, ITT IS CONTINUING TO PLAY A CONSTRUCTIVE ROLE IN CHILE.

"NEGOTIATIONS ARE IN PROGRESS WITH THE CHILEAN GOVERNMENT REGARDING COMPENSATION TO BE PAID FOR ITT'S INTEREST IN THE CHILE TELEPHONE COMPANY. MEANWHILE, THE EMPLOYEES OF THE CHILE TELEPHONE COMPANY HAVE CONTINUED TO PROVIDE UNINTERRUPTED SERVICE TO THE PEOPLE OF CHILE.

"ITT HAS BEEN -- AND CONTINUES TO BE -- A GOOD CORPORATE CITIZEN IN CHILE, AS WELL AS IN ALL OTHER COUNTRIES WHERE IT HAS OPERATIONS," THE SPOKESMAN SAID.

3-21--SH110PES

The Washington Merry-Go-Round

THE WASHINGTON POST Tuesday, March 21, 1972 B13

Memos Bare ITT Try for Chile Coup

By Jack Anderson

Secret documents which escaped shredding by International Telephone and Telegraph show that the company, at the highest levels, maneuvered to stop the 1970 election of leftist Chilean President Salvador Allende.

The papers reveal that ITT dealt regularly with the Central Intelligence Agency and, at one point, considered triggering a military coup to head off Allende's election.

These documents portray ITT as a virtual corporate nation in itself with vast international holdings, access to Washington's highest officials, its own intelligence apparatus and even its own classification system.

The papers bear a variety of security labels, including "Confidential," "System Confidential," and "Personal and Confidential." The originals, presumably, were shredded along with the "many sacks" of documents that ITT has now admitted destroying to keep them out of our hands. Nevertheless, we have obtained copies.

They show that ITT officials were in close touch with William V. Broe, who was then director of the Latin American division of the CIA's Clandestine Services. They were plotting together to create economic chaos in Chile, hoping this would cause the Chilean army to pull a coup

that would block Allende from coming to power.

ITT-CIA Ties

ITT Director John McCone, himself a former CIA head, played a role in the bizarre plot. He received a confidential report on Oct. 9, 1970, from William Merriam, vice president in charge of ITT's Washington office.

"Today I had lunch with our contact at the McLean agency (CIA), and I summarize for you the results of our conversation," wrote Merriam. "He is still very, very pessimistic about defeating Allende when the congressional vote takes place on Oct. 24.

"Approaches continue to be made to select members of the Armed Forces in an attempt to have them lead some sort of uprising — no success to date . . .

"Practically no progress has been made in trying to get American business to cooperate in some way so as to bring on economic chaos. GM and Ford, for example, say that they have too much inventory on hand in Chile to take any chances and that they keep hoping that everything will work out all right.

"Also, the Bank of America had agreed to close its doors in Santiago but each day keeps postponing the inevitable. According to my source, we must continue to keep the pressure on business."

The plot to bring about a

military coup by applying economic pressure is spelled out in a confidential telex, dated

Sept. 29, 1970, to ITT's President Harold S. Geneen from one of his vice presidents, E. J. Gerrity. Here is Gerrity's description of the plot:

"1. Banks should not renew credit or should delay in doing so.

"2. Companies should drag their feet in sending money, making deliveries, in shipping spare parts, etc.

"3. Savings and loan companies there are in trouble. If pressure were applied, they would have to shut their doors, thereby creating pressure.

"4. We should withdraw all technical help and should not promise any technical assistance in the future. Companies in a position to do so should close their doors.

"5. A list of companies was provided, and it was suggested that we approach them as indicated. I was told that of all the companies involved, ours alone had been responsive and understood the problem. The visitor (evidently the CIA's William Broe) added that money was not a problem. He indicated that certain steps were being taken but that he was looking for additional help aimed at inducing economic collapse."

Next day, Gerrity sent a memo to ITT's Washington office telling of advice from an anti-Allende source in Chile to

"keep cool, don't rock the boat, we are making progress."

"This is in direct contrast to what Broe recommended," the memo says. "I will call you later to discuss HSG's (ITT President Harold S. Geneen) reaction to my telex in some detail. He agrees with me that Broe's suggestions are not workable. However, he suggests that we be very discreet in handling Broe."

We will publish further details about this bizarre CIA-ITT conspiracy in a future column.

Footnote: A CIA spokesman would make no comment, refused even to acknowledge Broe's identity. We had to verify this from other inside sources. At this writing, ITT hasn't responded to our questions.